



POLICE AND FIRE RETIREMENT SYSTEM OF SPRINGFIELD, MO

840 Boonville
Springfield, Missouri 65801
Voice Mail (417) 831-8901
Box Number 44140

Minutes December 17, 2009

1. Call to Order

Homan called the meeting to order at 8:35 a.m. Minutes taken by White.

Attendance

Members	Representation	Present	Absent
Ken Homan	Chairman	X	
Beau Barrett	Citizen		X
David Carter	Fire	X	
Jim Edwards	Police		X
Steve Fenner	Citizen	X	
David Hall	Fire	X	
Ron Hoffman	Retiree	X	
Evelyn Honea	Deputy City Manager		X
Sheila Maerz	Human Resources		X
Mary Mannix-Decker	Finance	X	
Jim McCulloch	Police	X	
Cindy Rushefsky (NV)	City Council Liaison	X	
Dan Wichmer (NV)	Law	X	
Nikki White (NV)	Secretary	X	

NV = Non-voting

2. Annual Pension Board Election

Homan read the following election results.

Police	Vote	Fire	Vote
Brady Stark	32	Chris Thompson	21
Jim McCulloch	3	David Carter	3
Faye Barskdale	1		
Mark Priebe	1		
Rod Smith	1		

Hall made a motion to certify the election results and accept Brady Stark (Police) and Chris Thompson (Fire) as members of the Pension Board effective January 1, 2010; 2nd by McCulloch. Vote all: Yes.

3. Approval Meeting Minutes – October 8, 2009 and November 12, 2009 (open sessions)

Homan stated that the minutes from the open sessions for October 8, 2009 and November 12, 2009 required the board's approval. Homan asked for a motion to approve the open session minutes for October 8, 2009 as presented. Motion made by Hall; 2nd by Hoffman. Vote all: Yes.

Homan asked for a motion to approve the open session minutes for November 12, 2009 as presented. Motion made by Carter; 2nd by Fenner. Vote all: Yes.

4. Approval of Financial Statement Ending October 31, 2009

Mannix-Decker presented a revised September Statement of Plan Net Assets. She stated that a journal entry was posted incorrectly and the handout reflects the corrected entry. The error was in the cash balance, the investment portion was correct.

Hall made a motion to accept the revised September Statement of Plan Net Assets as presented; 2nd by Hoffman. Vote all: Yes.

Homan asked Mannix-Decker to review the financial statement ending October 31, 2009. Mannix-Decker reported on the following items of interest:

- As of October 31, 2009 there was \$9,901,407 in the cash account.
- There was a small gain of \$75,045 in Brandywine.
- Galliard increased \$239,345.
- Pictet balance was \$23,257,827 which is a small decrease from last month. \$600,000 was transferred into that fund.
- State Street shows a loss of about \$464,000, but it's actually quite a bit more because \$730,000 was transferred in. A transfer of 4% per month from the lending to the non-lending continues. This will continue into next year.
- There was \$35,605 in accrued interest.
- Total current assets were \$128,316,755 with \$49,858 in accounts payable bringing the net assets to \$128,266,897.
- October was a three payroll month so the contributions are higher than usual at \$1,810,968. Interest gained was \$224,550 and loss in market value was \$1,455,507. \$3,236 was paid in managers' fees bringing the net investment income to a \$1,234,093 loss for a total addition of \$576,875 for the month.
- \$1,344,653 was paid in benefit payments, \$62,839 was paid in refunds of employee contributions and \$64,349 was paid in administrative expenses. The administrative expenses are higher than normal because of the amount due to Milliman for the actuarial evaluation which was around \$40,000.
- There was a total decrease of \$894,966 in the plan assets for a month ending of \$128,266,897.

Homan asked for a motion to approve the financials for October 31, 2009. Motion by Hall; 2nd by Hoffman. Vote all: Yes.

5. Review of Applications

Marilyn Grier	Age & Service	Police	Retirement Date: 01/15/2010
Harold Haeffling	Age & Service	Police	Retirement Date: 02/24/2010
Randall Latch	Age & Service	Police	Retirement Date: 02/04/2010
Lynn Rowe	Age & Service	Police	Retirement Date: 01/15/2010
Joe King	Surviving Spouse	Police	Date Initiated: 12/14/2009

Homan asked for a motion to approve the applications presented above. Motion by McCulloch; 2nd by Hall. Vote all: Yes.

6. Approval of Return of Contributions

William Whitaker	Age & Service	Police	\$91,105.69
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Homan asked for a motion to approve the return of contribution for William Whitaker. Motion by Hall; 2nd by McCulloch. Vote all: Yes.

7. Review of Retirement Calculations

Surviving Spouse

Name	Years of Service	Monthly Pension Amount	Partial Pension Amount	Survivor's Partial Pension Amount	Survivor's Pension Amount
Joe King	24.35	\$3,408.55	\$3,181.31	\$146.78	\$2,201.71

Age & Service

Name	Dept.	Years of Service	Monthly Pension Amount	Partial Pension Amount
William Whittaker	Police	25.68	\$3,425.50	\$3,425.50

Homan asked for a motion to approve the surviving spouse pension calculation for Joe Dean King and the age and service calculation for William Whittaker. Motion by Hall; 2nd by McCulloch. Vote all: Yes.

8. Old Business

- A. Nurse Consultant – A few months prior the board received notice that the nurse consultant had been laid off from HSI. There was question about whether the contract allowed the board to hire her or someone else outside of HSI. Wichmer reviewed the contract and stated that it is a non-exclusive contract so the board can hire multiple consultants. He said if the board wants to stay with HSI the contract is in place, but the board is entitled to retain the nurse consultant or hire another one.

Rushefsky said that she may not have the same resources available to her if she's not with a company. Homan said he has not talked to her lately to know if she has found another job. Homan asked the board if they had any feelings on whether to go with her or go back to HSI and ask for someone else. McCulloch asked if HSI is obligated to provide the board with a new consultant under the contract. Wichmer said since HSI is not in this area they may be able to fulfill the need, but they are obligated to try.

Homan stated that this is holding the board up from starting the re-examination process so the board needs to make a decision quickly. He asked the board if they were comfortable with him contacting HSI and see if they will recommend a replacement. He said that once he gets the qualifications of the replacement if he could go ahead and get the board's approval to utilize him/her rather than waiting until the next board meeting. Wichmer said his guess would be that HSI would likely ask to get out of their contract. That being said the board needs to give Homan the authority to find a temporary replacement. Hall said he sees this both ways. The board hired a company, but at the same time we looked at the individual's qualifications, her contacts and knowledge. He added that he's ok with going either direction and just wants to do what is most expeditious. Rushefsky said she feels the first step is to contact HSI and if they want out of the contract then to contact the nurse and see if she still has interest in doing the work and is available.

Wichmer said if the board wants to rebid the job then they would have to go through the RFP process and that can be done in as little as 30 days. He said in the mean time there are nurses in town that are capable of doing the work on the side. He added that the nurse that was laid off from HSI can continue to do the work if the board wishes. Wichmer would like to see the board go through the RFP process so that they are certain the person they hire is meeting the qualifications the board requires. Hall said he thinks the board should start the RFP process for the next contract period now. Homan asked if the old nurse consultant could be used for the next couple of months until the RFP process is complete. Wichmer said yes. Hall questioned whether the board could without going through the RFP process. Wichmer said the board has the right to hire anybody right now. Given the fact that certain things need to be done he would recommend talking to the nurse consultant and to HSI first. He added that the board is not required to do an RFP. However, the board did do an RFP for the contract to cast a broad net, but an RFP is not required. Hall said he recommends beginning the RFP process for the next contract and talk to the nurse consultant that was laid off and see if she has the ability to do the job until a new contract is in place. If she's not able to do the job then he recommends contacting HSI to see if they are able to provide a replacement. If both of those fall through then he recommends talking to Human Resources and Law to see if they can find a temporary nurse consultant. Mannix-Decker added that there may be some insurance requirements that an independent nurse consultant will need to meet. Homan asked what the requirements are. Mannix-Decker said she would send Homan the details. Wichmer said she doesn't have to worry about work comp since she is independent.

Hall made a motion to give Homan the authority to work out an interim resolution on the board's nurse consultant. 2nd by Hoffman. Vote all: Yes.

- B. Disability Re-evaluation Form – Wichmer explained how he developed the form. He said that someone may go out on a disability for one injury, but hurts another part of their body while they are out. Some of the questions on the form were to make sure we are talking about the disability that they went out on or is there another condition now that makes them disabled? He added that the follow up questions are so that the doctors can give an explanation.

Wichmer added that the board is required under the code to have disability re-examinations, but one of the questions on the form asks the doctor if there is any chance the claimant would ever be able to return to employment. This will help the board save money on re-examining someone in the future who will never be capable of working again as a police officer or firefighter. This form is a step toward tightening up the process. The perception has been that the process is too loose and while several disagree, this is a step toward protecting the board.

Hoffman said that in the event that someone is disabled from something different than what they went out on, it needs to be addressed because it may no longer be a duty disability. They may need to reapply for a non-duty disability. Rushefsky said that is an interesting point and she wants to make sure that it's clear enough. She said maybe the board wants to consider adding a question such as, is the disability related to a condition other than the condition for which they were found to be disabled? Wichmer said the board can always send someone for further follow-up. He said he was just trying to get the form to where the board could determine if there was anything they might question. He said the doctor will have to give a full report of the findings and the board can determine if the person needs to go to additional doctors.

Rushefsky questioned if the original claim form would be sent as well. Wichmer said it was his understanding that just the re-evaluation form and the job description would be sent. Rushefsky said she thinks the original form should be sent. Hall said he thinks that puts pressure on the doctor because that would include the three doctor's reports from the initial disability process. Hall said that he would assume that one of the original doctors would be used for the re-evaluation. Wichmer said he would assume that the board would not use the same doctors. He added that some of the claimants have been out for awhile and the doctor may not still be practicing. Hall said it would truly be an independent medical examination if they went to an different doctor.

Hall made a motion to approve the disability re-evaluation form and the revised disability claim form; 2nd by Carter. Vote all: Yes.

- C. Income Verification – Wichmer said that the Law Department sent letters out two weeks ago. A January 1, 2010 cutoff was established so that the board could make a decision at the January meeting. He would like to discuss this further in the closed session. Homan said the board is still very adamant about following up on this process and those who don't provide the information will not get checks in January.

9. New Business

- A. New Pension Board Members – Brady Stark and Chris Thompson will join the board at the January meeting. Homan thanked McCulloch and Hall for their service and support to the board. Hall served on the board for 10 years.
- B. Investment Subcommittee – Homan reported that in January he will be the only member remaining on this committee. He said there are currently a lot of things for this subcommittee to address. One is whether the board is going to go along with or challenge the investment consultant's recommendation to take on some alternative investments. The other is looking further into utilizing a more passive approach. Segal is more prone to active management. Homan said he knows of companies that utilize this approach with institutions similar to the pension plan. He can have some people present to the board regarding passive management. He added that this is tied

into the board's fiduciary responsibility which he thinks is sometimes overlooked. He said he has problems taking on alternative investments in which the board doesn't really understand. He has big problems with the investment consultant taking over the board's fiduciary responsibility.

Homan said he can get someone to present at the January meeting regarding a more passive approach and the board's fiduciary obligations. Rushefsky questioned whether January would be too soon primarily because there's a potential change in the board composition. She feels it would be necessary to have the new board participate. Homan said that is why he doesn't feel comfortable appointing a new subcommittee at this time. However, his concern is that this will be a long process and is something that needs to be addressed quickly. He asked Rushefsky if she had a feel for how long it will take the Plans and Policies Committee to make a recommendation to Council on the board composition. She said this is a question that needs to be raised at the joint meeting. Wichmer said he thinks it will be wrapped up by the January board meeting.

Hoffman said he agrees with Rushefsky. He said the new board will need to be brought up to speed on the history of the plan before a significant change in the investment strategy is made. There will be a substantial learning curve for the new board members especially moving from private to public. Hall said he's been leaning toward a more passive approach. He added that there are companies that do complete management of the fund and that may be something to look into. Wichmer added the possibility of an executive director changes things as well. Homan said there will be a learning curve no matter who comes in. He doesn't know of anyone in the Springfield area that has experience in running this large of an institutional portfolio. He said he thinks the board needs to look at supporting some educational programs and certification for board members or an executive director.

- C. Secretary Contract – Homan stated that White's contract is up December 31, 2009. She has agreed to renew her contract for the coming year. McCulloch made a motion to extend Nikki White's contract through December 31, 2010; 2nd by Fenner. Vote all: Yes.

10. Other matters which fall within the jurisdiction of this committee

Hoffman expressed his thanks to both McCulloch and Hall for their service. He congratulated Hall on his recent promotion and wished him well. Homan added that they both would be certainly missed and he would continue to push for the board to hire an executive director. Hall said he would be glad to help out if there are questions. He added that if an executive director is hired it would be essential for that position to update the plans, policies and procedures. He also mentioned the pre-retirement seminar that he has been conducting on behalf of the board. He said someone will need to coordinate that with Human Resources. Wichmer added the new board orientation as well which Hall has handled. The board has three months to train the new board members.

Hall added that the board is required to have two training sessions per year. He said MAPERS is a great conference and will be good for new members, but sometimes they cover the same topics from year to year. He said the board should look at Guns and Hoses because it will have information on other pension systems that are similar to this plan. Homan again mentioned certifications and training on the pension system for all board members. Rushefsky said some members will have to relearn things in a different context since they will be coming from a private to a public system.

11. Legal Matters – Closed Session, pursuant to Section 610.021(1), RSMo.

Hall made a motion to move to closed session at 9:55 a.m.; 2nd by Hoffman. Vote all: Yes.

12. Adjournment

Hall made a motion to adjourn the meeting; 2nd by Carter. Vote all: Yes. The meeting was adjourned at 11:30 a.m. on December 17, 2009.

The meeting adjourned to a joint meeting with City Council's Plans and Policies Committee.